DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-14-26
Baltimore, Maryland 21244-1850

Center for Medicaid and State Operations
Disabled and Elderly Health Programs Group
Division of Integrated Health Systems

Vincent P. Meconi, Secretary
Delaware Health and Social Services
1901 N. DuPont Highway - Main Building
New Castle, Delaware 19720

Dear Mr. Meconi:

I am pleased to inform you that the Centers for Medicare & Medicaid Services (CMS) is approving Delaware's request for a waiver under the authority of Sections 1915(b)(1), 1915(b)(3) and 1915(b)(4) of the Social Security Act (the Act) to implement the Elderly and Physically Disabled (EPD) Component of the Diamond State Long Term Care Program. Although the EPD program will operate as a concurrent (b)/(c) program, this approval applies only to the 1915(b) waiver.

This approval provides for the waiver of Sections 1902(a)(10)(B), comparability of services, 1902(a)(23), freedom of choice, and 1902(a)(30), upper payment limits, of the Act in order to provide integrated acute and long-term care services to Medicaid beneficiaries who are also enrolled in the Medicare program or who meet the functional eligibility criteria for long-term care services and/or home and community-based care waivers. This waiver is approved for implementation Statewide for the 2-year period from April 1, 2002, to March 31, 2004.

The decision to approve this waiver is based on evidence submitted to CMS showing that the State's waiver program is consistent with the purposes of the Medicaid program, meets the applicable statutory and regulatory requirements for access to care and quality of services, and will be a cost-effective means of providing Medicaid services in Delaware.

Please note that waiver approval is contingent on the following conditions:

1. Prior to implementation, the State will calculate, and submit to CMS for approval, distinct capitation rates for Assisted Living waiver enrollees.

2. If implementation is delayed beyond October 1, 2002, the State will rebase the capitation rates for all EPD enrollees and submit documentation demonstrating the continued cost-effectiveness of the program.

3. Prior to implementation, the State will submit the amended EQRO scope of work and specific performance measures and improvement projects for populations with special health care needs.

4. The State will submit to CMS, on an annual basis, the number of individuals participating in the waiver who are included in the definition of special needs children. Identification through either aid code analysis or manual review is acceptable.

5. The State will review complaints and grievances and track those cases involving individuals included in the definition of special needs children. (A manual review is acceptable.) On an annual basis, the State will report to CMS the number of complaints and grievances for the special needs children and submit an analysis, stratified by group, of type and number of complaints and grievances filed, and their resolution.

6. The State will submit to CMS, on an annual basis, the number of individuals identified in the definition of special needs children who voluntarily change providers or disenroll from the managed care system into FFS.

7. Prior to implementation, the State will develop a process to ensure capitation rates for individuals enrolled in the concurrent (c) waiver will be reduced by the amount of the beneficiary liability for the cost 1915(c) waiver services.

8. The State must arrange for an independent assessment of the overall waiver program. This evaluation should assess the impact of the waiver on beneficiaries= access to care, the quality of services rendered, and the cost-effectiveness of the program. Please note this must be a separate analysis from the external quality review. The results of this assessment are to be submitted to CMS no later than September 30, 2003.

9. If you wish to renew this waiver program at the end of this two-year term, a renewal application must be submitted by December 31, 2003.

10. In evaluating the actual cost-effectiveness of the first 2-year period, the State will redetermine the without waiver cost if the overall average per person with waiver cost is higher than the average without waiver cost. The redetermination of the without waiver cost will use actual member months in each rate cell rather than projected distributions. The comparison using the redetermined without waiver cost may be a comparison of average without and with waiver cost.

11. If a 1915(c) waiver is not operated concurrently with this 1915(b), the State must take action to verify the continued eligibility of those individuals determined to be eligible in a community setting only as a result of the 1915(c) waiver provisions.

I wish you success in the operation of this program for Medicaid beneficiaries in Delaware. If you have any questions regarding this waiver approval, please contact Claudette V. Campbell, Associate Regional Administrator, Division of Medicaid and State Operations in the Philadelphia Regional Office at (215) 861-4263.

Sincerely,

/s/

Theresa A. Pratt
Director

cc:
Claudette V. Campbell, Philadelphia Regional Office
Betty Wheeler, Philadelphia Regional Office
Donna Fischer, Philadelphia Regional Office